

Message Text

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12

ACTION ARA-10

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 2567

C O N F I D E N T I A L BUENOS AIRES 5950

E.O. 11652: GDS

TAGS: PINT, AR

SUBJECT: CHECK SCANDAL CONTINUES

REF: BA-5587

1. AMID GROWING SPECULATION THAT MRS. PERON MAY SOON ASK FOR A LEAVE OF ABSENCE, THE CONTROVERSY SURROUNDING HER "ERRONEOUS" ISSUE OF A CHECK DRAWN ON THE PRIVATE SOCIAL WELFARE ORGANIZATION, CRUSADA JUSTICIALISTA, CONTINUES TO REVERBERATE THROUGH POLITICAL CIRCLES. ON AUG 28 THE UCR, IN A LOW KEY APPROACH, REQUESTED THE FORMATION OF A SPECIAL BICAMERAL INVESTIGATING COMMITTEE TO LOOK INTO NOT ONLY THE CHECK INCIDENT ITSELF, BUT ALSO THE DISPERSAL OF FUNDS BY THE SOCIAL WELFARE MINISTRY FROM MARCH 25, 1973 TO THE PRESENT. THE UCR INITIATIVE TOUCHED OFF A LENGTHY DEBATE WHICH SERVED TO UNDERSCORE THE MANY LIABILITIES AN INVESTIGATION OF THIS NATURE HOLDS FOR MRS. PERON AND THE PERONIST PARTY.

2. IN ATTEMPT TO DEFEND HER ERROR, THE PERONISTS NOTED THAT THE CHECK DEPOSITED BY MRS. PERON WAS INTENDED TO COVER A PORTION OF THE INHERITANCE DUE THE SISTERS OF JUAN PERON'S SECOND WIFE, EVA. PERONISTS ALSO NOTED THAT IT WAS ONLY A FRACTION OF THE TOTAL AMOUNT CONGRESS HAD APPROPRIATED TO JUAN PERON IN RESTITUTION FOR THE PROPERTY HE HAD HAD CONFISCATED IN THE 1955 REVOLUTION. PERONIST SPOKESMAN REVEALED THAT 9
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BILLION OLD PESOS HAD BEEN PUT IN PERON'S PERSONAL ACCOUNT

BY AN ACT OF CONGRESS. THE RADICALES WERE QUICK TO TAKE UP THIS POINT, NOTING THAT FOR ALMOST TWO YEARS THERE HAD BEEN REPEATED REQUESTS FOR THE AMOUNT BUDGETED FOR RESTITUTION TO PERON WITHOUT ANY REPLY FROM THE GOVERNMENT. (NOTE: THIS FIGURE, 9 BILLION OLD PESOS, IF ACTUALLY TRANSFERRED TO PERON AT THE TIME CONGRESS PASSED LAW OF RESTITUTION, WOULD HAVE BEEN WORTH APPROXIMATELY 9 MILLION DOLLARS. AT PRESENT EXCHANGE RATE IT WOULD STILL EXCEED 1 MILLION DOLLARS.)

3. THROUGHOUT DEBATE, PERONISTS REVEALED THEIR GREAT APPREHENSION OVER POSSIBILITY OF FREEWHEELING CONGRESSIONAL INVESTIGATION, PARTICULARLY SINCE MANY OF THEM PRIVATELY FEEL THAT AN ACCOUNTING OF SOCIAL WELFARE MINISTRY'S BOOKS WOULD REVEAL EXTENSIVE MISUSE OF GOA FUNDS BY MRS. PERON, LOPEZ REGA, VILLONE, ET AL.

4. EXERCISING PARLIAMENTARY DISCIPLINE, PERONISTS VOTED DOWN UCR PROPOSAL, AND INSTEAD REFERRED MATTER TO SENATE COMMITTEE FOR STUDY. THEIR ACTIONS RECEIVED WIDESPREAD AND GENERALLY NEGATIVE TREATMENT FROM PRESS, WHICH HAS INTERPRETED THEIR VOTE AS ONE OF COOPERATING IN A COVER UP OF PRESIDENTIAL WRONGDOING. IN ATTEMPT TO OVERCOME THIS NEGATIVE IMAGE, PERONIST SENATOR JOSE CARO HAS SUGGESTED A "WATERGATE SPECIAL INVESTIGATOR" BE APPOINTED TO INVESTIGATE THE ENTIRE MATTER. FEW OPPOSITION PARTY MEMBERS BELIEVE CARO'S SUGGESTION MOTIVATED BY DESIRE TO MAKE THE AFFAIR PUBLIC, BUT RATHER SEE IT AS AN ATTEMPT TO COUNTERACT NEGATIVE PUBLICITY RECEIVED BY PERONIST REJECTION OF CONGRESSIONAL INVESTIGATION.

5. COMMENT: WITH MRS. PERON'S POLITICAL POSITION EVER WEAKENING, DILEMMA FOR PERONIST PARTY IS BECOMING MORE POINTED. TO ALLOW INVESTIGATION WOULD RUN RISK OF REVEALING AS YET UNKNOWN SCANDALS OF MAJOR PROPORTIONS WHICH MANY CONGRESSIONAL PERONISTS STRONGLY BELIEVE EXIST. TO END MATTER BY NAKED USE OF CONGRESSIONAL MAJORITY, HOWEVER, THEY RUN RISK OF THEMSELVES ASSUMING POLITICAL LIABILITIES OF AFFAIR.
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